HUD newsletter
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280

October 28, 1974 Vol. 5 No. 43

New Mortgage Bill Becomes Law

President Ford has signed into law the measure authorizing *HUD* to purchase up to $7.75 billion a year in conventional mortgages. Under the new law. . . ***HUD's GNMA*** can buy conventional home mortgages carrying an interest rate of under 9 percent. . . compared to the current market rates of 10 to 11 percent. Prior to the passage of this legislation. . . the ***GNMA*** purchases were limited to ***FHA***-insured and ***VA***-guaranteed mortgages. Mortgages purchased under the plan cannot exceed $42,000.

☆

Current Trends

The early October sale of project notes of 80 local housing authorities totaled $552 million. . . and sold at an average interest rate of 5.18 percent. The interest rate last month was 6.125 percent. Bids ranged from 4.94 percent to 5.49 percent. The average maturity of the notes sold was 7.6 months.

FNMA has issued $53 million in four-month commitments to purchase Government-backed and conventional home mortgages. $29.7 million in commitments on Government-backed mortgages sold at an average yield of 10.317. . . and $23.3 million in four-month conventional commitments at an average yield of 10.458 percent.

In early October. . . the *Federal Home Loan Mortgage Corporation*. . . as part of its "continuing efforts to attract new investors and capital into the mortgage market". . . again began to sell its *Participation Sale Certificates.* The *Certificates* offer competitive yields and represent undivided ownership interests in large pools of conventional mortgages acquired and administered by *FHLMC. FHLMC* fully guarantees the *Certificates* and acts as collecting agent for the underlying mortgages and disbursing agent for the *Certificates*. . . which come in a minimum denomination of $100,000. . . and have been ruled eligible for tax treatment as direct mortgage investments. Since beginning the program in late 1972. . . *FHLMC* has sold over $900 million worth of the *Certificates* to investors of all types.

In September. . . privately-financed housing starts were at the seasonally-adjusted rate of 1.120 million units. . . up slightly from the August rate of 1.115 million.

☆

Mortgage Limits Raised

Mortgage limits for multifamily projects still being processed for insurance under *Section 236* of the *Housing and Urban Development Act of 1968* have been raised under the provisions of the *1974 Housing and Community Development Act.*

Secretary Lynn. . . in approving the change. . . said, "We have received many requests from applicants whose projects are still being processed. They point out that inflation has made the previous mortgage limits infeasible if the purpose of the basic legislation to assist in providing housing for people of low and moderate income is to be fulfilled. In weighing the equities of controlling inflation on the one hand, and helping our citizens get decent, safe and sanitary housing on the other, I believe the latter is more important. Accordingly, I have authorized the increases."

The new limits appeared in the *Federal Register* on October 7, 1974.

Sixth Biennial Design Excellence Awards

Awards in *HUD's Sixth Biennial Competition for Design Excellence* in HUD-assisted activities have been announced. There were 24 awards from the 347 entries submitted by architects, planners, engineers, landscape architects, developers, sponsors, and public agencies from 30 States, the District of Columbia, and Guam.

This is the first time. . . on a national level. . . that an interdisciplinary group of environmental design specialists has been assembled to make public judgments on the quality of contemporary urban development in the U.S. Awards were presented in three categories: **Management Approaches, Project Design,** and **Urban Design Concepts.** A report. . . prepared by the Jury. . . *State-of-the-Art of Environmental Design* is available from the ***HUD Urban Design Program Office,*** Room 8230, Washington, D.C. 20410.

☆

HUD to Issue House 'Pre-Purchase Package'

Families with low to moderate incomes thinking about buying a house but uncertain whether they can afford it are about to get some help from *HUD* in the form of a *Pre-Purchase Information Package.* The package will help families determine not only what it will cost to buy and maintain the house of their choice but also what other costs they should be prepared to handle. . . including those of moving, furnishing, taxes, utilities, and transportation to and from work.

HUD's Office of Policy Development and Research (PD&R) has issued a *Request for Proposals.* . . inviting proposals from firms capable of producing a marketing information pre-purchase package. **Responses to the *RFP (H-15-75)* are due about November 10.** The potential beneficiaries of the proposed publication will be those families seeking housing within the ***FHA*** mortgage limits. This self-teaching aid. . . when completed. . . will provide information and criteria that are easily understood, so these families can make a realistic decision on whether to buy a house.

Copies of the *RFP* and other information about it can be obtained from Duane Murray, *HUD Research Demonstrations Division, Office of Procurement and Contract (ACR-A),* Washington, D.C. 20410. Ask for *RFP No. H 15-75.*

☆

Pension Funds Asked to Invest in Mortgages

J.S. Norman, Jr. . . a Houston homebuilder. . . and legislative chairman of the *National Association of Home Builders.* . . appeared before a subcommittee of the *Joint Economic Committee of Congress.* . . and urged that legislation be enacted to require pension funds to invest 25 percent of their assets in home mortgages. Calling the pension funds the "fastest growing reservoir of savings in the Nation," Mr. Norman said the funds practically ignore the mortgage market. . . and invest instead in securities. If they were required to invest in mortgages. . . the builder claims. . . they would not only help get houses built. . . they would also help 'meet a high social goal.'

☆

Publication Available

Questions About Condominiums - What to Ask Before You Buy. A 48-page ***HUD*** booklet. . . designed to inform possible purchasers and to encourage condominium ownership. It explains potential pitfalls for purchasers and suggests ways to avoid them. Of particular interest is information for condominium owners who may become members of a Board of Directors or an Owners' Council. Finally, there is a discussion of ***HUD-FHA*** programs authorized under the *National Housing Act.*

Available free from *HUD's* 86 field offices throughout the country, as well as from the *U.S. Consumer Information Service,* Pueblo, Colorado 81009. The publication's code number is HUD-365-F.

AILA Design Competition Announced

The *American Institute of Landscape Architects* has announced the entry requirements for its *1975 International Design Competition.* Deadline for entries is December 15, 1974.

The major purpose of the competition is to provide recognition for outstanding works of landscape architecture.

In sponsoring the program. . . the ***Institute*** hopes to discover projects which best illustrate the role of the landscape architect in society, and to keep a graphic historical record of the work being produced by our present generation of professionals.

The competition is open to all landscape architects. Membership in ***AILA*** is not required.

Full details on the competition are available from *AILA Design Competition,* c/o Allen L. Keesen, *AILA*, 2000 South Quebec Street, Denver, Colorado 80231.

The ***American Institute of Landscape Architects*** is an organization of professionals practicing landscape architecture throughout the world. Founded in 1954. . . the ***Institute*** provides its members with a voice in local, national, and international affairs. . . Members are supplied with source information dealing with professional practices. The ***Institute*** also assists students. . . offering personal advice, consultation, and a placement service for those entering the profession. For further information about the ***Institute***. . . write F.J. MacDonald, Executive Vice President, ***American Institute of Landscape Architects***, 6810 N. 2nd Place, Phoenix, Arizona 85012.

☆

Energy From Waste

Municipal waste disposal. . . a costly and land-consuming problem in most urban centers. . . may yield new energy and environmental benefits for the Minneapolis area as result of a federally-assisted analysis of solid waste conversion now underway in Hennepin County, Minnesota. . . which includes Minneapolis and some of its suburbs.

Partially funded under a $94,675 research contract from ***HUD***. . . Hennepin County is developing a program plan for converting its solid waste into fuel and other resources. Such a process could produce enough energy to heat and cool some 17,000 homes and reduce county landfill needs by 83 percent. Heat produced by incineration of the solid waste would be recovered and used to generate steam, electricity, heating and hot water. Experts estimate the recycling process also could recover some 40,000 tons of ferrous metals each year.

Award of the ***HUD*** research contract was announced by Michael H. Moskow, ***HUD's Assistant Secretary for Policy Development and Research,*** and Alberto F. Trevino, Jr., General Manager of ***HUD's New Communities Development Corporation.*** Cedar-Riverside, a ***HUD***-backed new community near Minneapolis, will be site of the solid waste energy recovery plant.

Hennepin County launched the $200,000 research effort in June 1974, in cooperation with other major energy users in the area, and expects to have plans for the solid waste-energy recovery system completed by May 1, 1975. Balance of the funds for the project will come from the county.

HUD newsletter
OFFICE OF PUBLIC AFFAIRS
U. S. Department of Housing and Urban Development
Washington, D. C. 20410

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

October 28, 1974
HUD-318-147-PA

Published weekly by the U.S. Department of Housing and Urban Development . . . James T. Lynn, Secretary. . . William I. Greener, Jr., Assistant to the Secretary for Public Affairs. . . James C. Biller, Editor. Subscription rate $7.30 per year, domestic. . . $9.15 foreign. Address all communications regarding subscriptions, changes of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

1973 U.S. Households Income Rose

Median income of U.S. households rose to $10,500 in 1973... an 8.4 percent increase over the 1972 household median of $9,700... according to the ***Census Bureau.*** Although part of the increase was eroded by price increases... the net gain in real purchasing power was 2.1 percent.

Household income differs from family income... about which the ***Bureau*** issued its annual advance report in July... in that household income includes the income of all persons in a household, related as well as unrelated. Household income also covers the income of one-person households whereas family income does not.

Aggregate household money income increased by 10.3 percent between 1972 and 1973, the report says, as a result of an increase of 1.6 million in the total of households (69.9 million in 1973) and a 7.7 percent increase in the average amount of income per household.

Of the 69.9 million households, 5.4 million (7.8 percent) had incomes of $25,000 or more and 15.4 million (22.1 percent) had between $15,000 and $25,000 in 1973. A breakdown of the remainder shows that 15.8 million had $10,000 to $15,000; 10.2 million, $7,000 to $10,000; 7.0 million, $5,000 to $7,000; and the remaining 16.0 million, less than $5,000.

Copies of the report, *Household Money Income and Selected Social and Economic Characteristics of Households, P-60, No. 96,* **may be obtained for 75 cents from the** ***Superintendent of Documents,*** **Washington, D.C. 20402.**

☆

FYI

American Bankers Association... 23rd Annual Agricultural and Rural Affairs Conference... St. Louis, November 10-13. **Details: Derl I. Derr,** ***ABA,*** **1120 Connecticut Avenue, N.W., Washington, D.C. 20036 (202/467-4010)**

HUD... Indian Housing Conference... Scottsdale, Arizona... November 14-16. **Details: Reaves F. Nahwoosky,** ***Office of Equal Opportunity, HUD,*** **Washington, D.C. 20410. (202/755-5974)**

Council of State Governments... Annual Convention... San Antonio, Nov. 21-23. **Details:** ***CSG,*** **P.O. Box 11910, Iron Works Pike, Lexington, Ky. 40511 (606/252-2291)**

Council for Urban Economic Development... Annual Convention... Washington, D.C., Nov. 25-27. **Details:** ***CUED,*** **1620 Eye St., N.W., Washington, D.C. 20006. (202/293-6911)**

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, $300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401

U.S.MAIL

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

HUDN SERIA300S R 1
SERIALS DEPT
XEROX/UNIV MICROFILMS
300 N ZEEB RD
ANN ARBOR MI 48106

HUD NEWSLETTER
October 28, 1974